



[4310-T2]

## DEPARTMENT OF THE INTERIOR

### Office of Natural Resources Revenue

[Docket No. ONRR-2011-0025]

#### Agency Information Collection Activities: Submitted for Office of Management and Budget Review; Comment Request

**AGENCY:** Office of Natural Resources Revenue, Interior.

**ACTION:** Notice of an extension of a currently approved information collection.

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**SUMMARY:** To comply with the Paperwork Reduction Act of 1995 (PRA), the Office of Natural Resources Revenue (ONRR) is notifying the public that we have submitted to the Office of Management and Budget (OMB) an information collection request (ICR) to renew approval of the paperwork requirements in the regulations under 30 CFR parts 1227, 1228, and 1229. This notice also provides the public with a second opportunity to comment on the paperwork burden of these regulatory requirements.

**DATES:** Submit written comments on or before **(INSERT DATE 30 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER*).**

**ADDRESSES:** Submit written comments by either FAX (202) 395-5806 or e-mail ([OIRA\\_Docket@omb.eop.gov](mailto:OIRA_Docket@omb.eop.gov)) directly to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Department of the Interior (OMB Control Number 1012-0003).

Please also submit a copy of your comments to ONRR by one of the following methods:

- Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter ONRR-2011-0025, and then click search. Follow the instructions to submit public comments. We will post all comments.
- Mail comments to Stephen Chubb, Regulatory Specialist, Office of Natural Resources Revenue, P.O. Box 25165, MS 64000A, Denver, Colorado 80225. Please reference ICR 1012-0003 in your comments.
- Hand-carry comments or use an overnight courier service. Our courier address is Building 85, Room A-614, Denver Federal Center, West 6<sup>th</sup> Ave. and Kipling St., Denver, Colorado 80225. Please reference ICR 1012-0003 in your comments.

**FOR FURTHER INFORMATION CONTACT:** Stephen Chubb, e-mail [stephen.chubb@onrr.gov](mailto:stephen.chubb@onrr.gov). You may also contact Stephen Chubb to obtain copies, at no cost, of (1) the ICR, (2) any associated forms, and (3) the regulations that require the subject collection of information. You may also review the ICR online at <http://www.reginfo.gov/public/do/PRAMain>.

**SUPPLEMENTARY INFORMATION:**

*Title:* 30 CFR Parts 1227, 1228, and 1229, Delegated and Cooperative Activities with States and Indian Tribes.

*OMB Control Number:* 1012-0003.

*Bureau Form Numbers:* None.

*Abstract:* The Secretary of the U.S. Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental

Shelf (OCS). The Secretary's responsibility, according to various laws, is to manage mineral resource production from Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected in accordance with applicable laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. ONRR performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands. Public laws pertaining to mineral leases on Federal and Indian lands are available at [http://www.onrr.gov/Laws\\_R\\_D/PublicLawsAMR.htm](http://www.onrr.gov/Laws_R_D/PublicLawsAMR.htm).

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share in an amount or value of production from the leased lands. The lessee, or the designee, must report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information that ONRR collects includes data necessary to ensure that the lessee accurately values and appropriately pays all royalties and other mineral revenues due.

The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), which the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 amended, authorizes the Secretary to develop delegated and cooperative agreements with States (30 U.S.C 1735, sect. 205) and Indian Tribes (30 U.S.C. 1732, sect. 202) to carry out certain inspection, auditing, investigation, or limited enforcement activities for oil and gas leases

in their jurisdiction. The States and Indian Tribes are working partners and are an integral part of the overall onshore and offshore compliance effort. The Appropriations Act of 1992 also authorizes the States and Tribes to perform the same functions for coal and other solid mineral leases.

This collection of information is necessary in order for States and Tribes to conduct audits and related investigations of Federal and Indian oil, gas, coal, any other solid minerals, and geothermal royalty revenues from Federal and tribal leased lands. Relevant parts of the regulations include 30 CFR parts 1227, 1228, and 1229, as described below:

Title 30 CFR Part 1227—Delegation to States, provides procedures to delegate certain Federal minerals revenue management functions to States for Federal oil and gas leases. The regulations provide only audit and investigation functions to States for Federal geothermal and solid mineral leases, and leases subject to section 8(g) of the OCS Lands Act, within their State boundaries. In order for ONRR to consider a State for such delegation, the State must submit a written proposal to, and receive approval from, the ONRR Director. States also must provide periodic accounting documentation to ONRR, including an annual work plan and quarterly reimbursement vouchers.

Title 30 CFR Part 1228—Cooperative Activities with States and Indian Tribes, provides procedures for Indian Tribes to carry out audits and related investigations of their respective leased lands. The Tribe must submit a written proposal to ONRR in order to enter into a cooperative agreement. The proposal must outline the activities that the Tribe will undertake and must present evidence that the Tribe can meet the Secretary's standards in order for the Tribe to conduct the activities. The Tribe also must submit an annual work plan and budget, as well as quarterly reimbursement vouchers.

Title 30 CFR Part 1229—Delegation to States provides procedures for States to carry out audits and related investigations of leased Indian lands within their respective State boundaries by permission of the respective Indian tribal councils or individual Indian mineral owners. The State must receive the Secretary’s delegation of authority and submit annual audit work plans detailing its audits and related investigations, annual budgets, and quarterly reimbursement vouchers. States also must maintain records according to section 1227.200(d).

ONRR protects proprietary information that the States and Tribes submit under this collection. We do not collect items of a sensitive nature. States and Tribes must respond in order to obtain the benefit of entering into a cooperative agreement with the Secretary.

*Frequency:* Varies based on the function performed.

*Estimated Number and Description of Respondents:* 10 States and 6 Indian Tribes.

*Estimated Annual Reporting and Recordkeeping “Hour” Burden:* 5,519 hours.

We have not included in our estimates certain usual and customary requirements that States and Tribes perform in the normal course of business. This 30-day *Federal Register* notice burden chart shows a 12-hour reduction in annual burden hours from the previous 60-day notice. This adjustment is for section 1227.200(e). The following table shows the estimated burden hours by CFR section and paragraph:

### Respondents' Estimated Annual Burden Hours

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
<b>PART 1227—DELEGATION TO STATES</b>				
<b>DELEGATION PROPOSALS</b>				
1227.103; 107; 109; 110 (a-b(1)); 110 (c-e); 111(a-b); 805	<b>What must a State's delegation proposal contain?</b> If you want ONRR to delegate royalty management functions to you, then you must submit a delegation proposal to the ONRR Deputy Director. The ONRR will provide you with technical assistance and information to help you prepare your delegation proposal. . . .	200	1	200
<b>DELEGATION PROCESS</b>				
1227.110 (b)(2)	(b)(2) If you want to change the terms of your delegation agreement for the renewal period, you must submit a new delegation proposal under this part.	16	11	176
<b>EXISTING DELEGATIONS</b>				
<b>COMPENSATION</b>				
1227.112 (d) and (e)	<b>What compensation will a State receive to perform delegated functions?</b> You will receive compensation for your costs to perform each delegated function subject to the following conditions . . . (d) At a minimum, you must provide vouchers detailing your expenditures quarterly during the fiscal year. However, you may agree to provide vouchers on a monthly basis in your delegation agreement . . . (e) You must maintain adequate books and records to support your vouchers . . .	4	64	256

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
<b>STATES' RESPONSIBILITIES TO PERFORM DELEGATED FUNCTIONS</b>				
1227.200 (a), (b), (c) and (d)	<b>What are a State's general responsibilities if it accepts a delegation?</b> For each delegated function you perform, you must: (a) . . . seek information or guidance from ONRR regarding new, complex, or unique issues. . . . (b)(1) . . . Provide complete disclosure of financial results of activities; (2) Maintain correct and accurate records of all mineral-related transactions and accounts; (3) Maintain effective controls and accountability; (4) Maintain a system of accounts . . . (5) Maintain adequate royalty and production information . . . (c) Assist ONRR in meeting the requirements of the Government Performance and Results Act (GPRA) . . . (d) Maintain all records you obtain or create under your delegated function, such as royalty reports, production reports, and other related information. . . . You must maintain such records for at least 7 years. . . .	200	10	2,000
1227.200 (e); 801(a); 804	(e) Provide reports to ONRR about your activities under your delegated functions . . . At a minimum, you must provide periodic statistical reports to ONRR summarizing the activities you carried out . . .	3	40	120
1227.200 (f); 401(e); 601(d)	(f) Assist ONRR in maintaining adequate reference, royalty, and production databases. . . .	1	250	250
1227.200 (g); 301(e)	(g) Develop annual work plans. . .	60	10	600
1227.200 (h)	(h) Help ONRR respond to requests for information from other Federal agencies, Congress, and the public . . .	8	10	80

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
1227.400 (a)(4) and (a)(6); 401(d); 501(c)	<b>What functions may a State perform in processing production reports or royalty reports?</b> Production reporters or royalty reporters provide production, sales, and royalty information on mineral production from leases that must be collected, analyzed, and corrected. (a) If you request delegation of either production report or royalty report processing functions, you must perform . . . (4) Timely transmitting production report or royalty report data to ONRR and other affected Federal agencies . . . (6) Providing production data or royalty data to ONRR and other affected Federal agencies. . . .	250	1	250
1227.400 (c)	(c) You must provide ONRR with a copy of any exceptions from reporting and payment requirements for marginal properties and any alternative royalty and payment requirements for unit agreements and communitization agreements you approve.	12	1	12
1227.601 (c)	<b>What are a State's responsibilities if it performs automated verification?</b> To perform automated verification of production reports or royalty reports, you must . . . (c) Maintain all documentation and logging procedures . . .	10	1	10
<b>PERFORMANCE REVIEW</b>				
<b>Subtotal Burden for 30 CFR Part 1227</b>			<b>399</b>	<b>3,954</b>



30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
<b>PART 1228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES</b>				
<b>SUBPART C—OIL AND GAS, ONSHORE</b>				
1228.100 (a) and (b); 101(c); 107(b)	<b>Entering into an agreement.</b> (a) . . . Indian Tribe may request the Department to enter into a cooperative agreement by sending a letter from . . . tribal chairman . . . to the Director of ONRR. (b) The request for an agreement shall be in a format prescribed by ONRR and should include at a minimum the following information: (1) Type of eligible activities to be undertaken. (2) Proposed term of the agreement. (3) Evidence that . . . Indian Tribe meets, or can meet by the time the agreement is in effect . . . (4) If the State is proposing to undertake activities on Indian lands located within the State, a resolution from the appropriate tribal council indicating their agreement to delegate to the State responsibilities under the terms of the cooperative agreement for activities to be conducted on tribal or allotted land.	200	1	200
1228.101 (a)	<b>Terms of agreement.</b> (a) Agreements entered into under this part shall be valid for a period of 3 years and shall be renewable . . . upon request of . . . Indian Tribe. . . .	15	6	90
1228.101 (d)	(d) . . . Indian Tribe will be given 60 days to respond to the notice of deficiencies and to provide a plan for correction of those deficiencies . . . .	80	1	80
1228.103 (a) and (b)	<b>Maintenance of records.</b> (a) . . . Indian Tribe entering into a cooperative agreement under this part must retain all records, reports, working papers, and any backup materials . . . (b) . . .Indian Tribe shall maintain all books and records . . .	120	6	720
1228.105 (a)(1) and (a)(2)	<b>Funding of cooperative agreements.</b> (a)(1) The Department may, under the terms of the cooperative agreement, reimburse . . . Indian Tribe up to 100 percent of the costs of eligible activities. Eligible activities will be agreed upon	60	6	360

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	annually upon the submission and approval of a work plan and funding requirement. (2) A cooperative agreement may be entered into with . . . Indian Tribe, upon request, without a requirement for reimbursement of costs by the Department.			
1228.105 (c)	(c) . . . Indian Tribe shall submit a voucher for reimbursement of eligible costs incurred within 30 days of the end of each calendar quarter. . . . Indian Tribe must provide the Department a summary of costs incurred, for which . . . Indian Tribe is seeking reimbursement, with the voucher.	4	24	96
<b>Subtotal Burden for 30 CFR Part 1228</b>			<b>44</b>	<b>1,546</b>
<b>PART 1229—DELEGATION TO STATES</b>				
<b>SUBPART C—OIL AND GAS, ONSHORE</b>				
<b>ADMINISTRATION OF DELEGATIONS</b>				
1229.100 (a)(1) and (a)(2)	<b>Authorities and responsibilities subject to delegation.</b> (a) All or part of the following authorities and responsibilities of the Secretary under the Act may be delegated to a State authority: (1) Conduct of audits related to oil and gas royalty payments made to the ONRR which are attributable to leased . . . Indian lands within the State. Delegations with respect to any Indian lands require the written permission, subject to the review of the ONRR, of the affected Indian Tribe or allottee. (2) Conduct of investigation related to oil and gas royalty payments made to the ONRR which are attributable to . . . Indian lands within the State. Delegation with respect to any Indian lands require the written permission, subject to the review of the ONRR, of the affected Indian Tribe or allottee. No investigation will be initiated without the specific approval of the ONRR. . . .	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
1229.101 (a) and (d)	<b>Petition for delegation.</b> (a) The governor or other authorized official of any State which contains . . . Indian oil and gas leases where the Indian Tribe and allottees have given the State an affirmative indication of their desire for the State to undertake certain royalty management-related activities on their lands, may petition the Secretary to assume responsibilities to conduct audits and related investigations of royalty related matters affecting . . . Indian oil and gas leases within the State . . . (d) In the event that the Secretary denies the petition, the Secretary must provide the State with the specific reasons for denial of the petition. The State will then have 60 days to either contest or correct specific deficiencies and to reapply for a delegation of authority.	1	1	1
1229.102 (c)	<b>Fact-finding and hearings.</b> (c) A State petitioning for a delegation of authority shall be given the opportunity to present testimony at a public hearing.	1	1	1
1229.103 (c)	<b>Duration of delegations; termination of delegations.</b> (c) A State may terminate a delegation of authority by giving a 120-day written notice of intent to terminate.	1	1	1
1229.105	<b>Evidence of Indian agreement to delegation.</b> In the case of a State seeking a delegation of authority for Indian lands . . . the State petition to the Secretary must be supported by an appropriate resolution or resolutions of tribal councils joining the State in petitioning for delegation and evidence of the agreement of individual Indian allottees whose lands would be involved in a delegation. Such evidence shall specifically speak to having the State assume delegated responsibility for specific functions related to royalty management activities.	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
1229.106	<b>Withdrawal of Indian lands from delegated authority.</b> If at any time an Indian Tribe or an individual Indian allottee determines that it wishes to withdraw from the State delegation of authority in relation to its lands, it may do so by sending a petition of withdrawal to the State. . . .	1	1	1
1229.109 (a)	<b>Reimbursement for costs incurred by a State under the delegation of authority.</b> (a) The Department of the Interior (DOI) shall reimburse the State for 100 percent of the direct cost associated with the activities undertaken under the delegation of authority. The State shall maintain books and records in accordance with the standards established by the DOI and will provide the DOI, on a quarterly basis, a summary of costs incurred . . .	1	1	1
1229.109 (b)	(b) The State shall submit a voucher for reimbursement of costs incurred within 30 days of the end of each calendar quarter.	1	4	4
<b>DELEGATION REQUIREMENTS</b>				
1229.120	<b>Obtaining regulatory and policy guidance.</b> All activities performed by a State under a delegation must be in full accord with all Federal laws, rules and regulations, and Secretarial and agency determinations and orders relating to the calculation, reporting, and payment of oil and gas royalties. In those cases when guidance or interpretations are necessary, the State will direct written requests for such guidance or interpretation to the appropriate ONRR officials. . . .	1	1	1
1229.121	<b>Recordkeeping requirements.</b> (a) The State shall maintain in a safe and secure manner all records, workpapers, reports, and correspondence gained or developed as a consequence of audit or investigative activities conducted under the delegation . . . (b) The State must maintain in a	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	<p>confidential manner all data obtained from DOI sources or from payor or company sources under the delegation . . .</p> <p>(c) All records subject to the requirements of paragraph (a) must be maintained for a 6-year period measured from the end of the calendar year in which the records were created . . . Upon termination of a delegation, the State shall, within 90 days from the date of termination, assemble all records specified in subsection (a), complete all working paper files in accordance with § 229.124, and transfer such records to the ONRR.</p> <p>(d) The State shall maintain complete cost records for the delegation in accordance with generally accepted accounting principles. . . .</p>			
1229.122	<p><b>Coordination of audit activities.</b></p> <p>(a) Each State with a delegation of authority shall submit annually to the ONRR an audit workplan specifically identifying leases, resources, companies, and payors scheduled for audit . . . A State may request changes to its workplan . . . at the end of each quarter of each fiscal year. All requested changes are subject to approval by the ONRR and must be submitted in writing.</p> <p>(b) When a State plans to audit leases of a lessee or royalty payor for which there is an ONRR or OIG resident audit team, all audit activities must be coordinated through the ONRR or OIG resident supervisor. . . .</p> <p>(c) The State shall consult with the ONRR and/or OIG regarding resolution of any coordination problems encountered during the conduct of delegation activities.</p>	1	1	1
1229.123 (b)(3)(i)	<p><b>Standards for audit activities.</b></p> <p>(b)(3) <i>Standards of reporting.</i> (i) Written audit reports are to be submitted to the appropriate ONRR officials at the end of each field examination.</p>	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
1229.124	<b>Documentation standards.</b> Every audit performed by a State under a delegation of authority must meet certain documentation standards. In particular, detailed workpapers must be developed and maintained.	1	1	1
1229.125 (a) and (b)	<b>Preparation and issuance of enforcement documents.</b> (a) Determinations of additional royalties due resulting from audit activities conducted under a delegation of authority must be formally communicated by the State, to the companies or other payors by an issue letter prior to any enforcement action. . . . (b) After evaluating the company or payor's response to the issue letter, the State shall draft a demand letter which will be submitted with supporting workpaper files to the ONRR for appropriate enforcement action. Any substantive revisions to the demand letter will be discussed with the State prior to issuance of the letter. . . .	1	1	1
1229.126 (a) and (b)	<b>Appeals.</b> (a) . . . The State regulatory authority shall, upon the request of the ONRR, provide competent and knowledgeable staff for testimony, as well as any required documentation and analyses, in support of the lessor's position during the appeal process. (b) An affected State, upon the request of the ONRR, shall provide expert witnesses from their audit staff for testimony as well as required documentation and analyses to support the Department's position during the litigation of court cases arising from denied appeals. . . .	1	1	1
1229.127	<b>Reports from States.</b> The State, acting under the authority of the Secretarial delegation, shall submit quarterly reports which will summarize activities carried out by the State during the preceding quarter of the year under the provisions of the delegation. . . .	1	1	1
<b>Subtotal Burden for 30 CFR Part 229</b>			<b>19</b>	<b>19</b>
<b>TOTAL BURDEN</b>			<b>462</b>	<b>5,519</b>

*Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden:* We have identified no “non-hour cost” burden associated with this collection of information.

*Public Disclosure Statement:* The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

*Comments:* Section 3506(c)(2)(A) of the PRA requires each agency to “\* \* \* provide 60-day notice in the *Federal Register* \* \* \* and otherwise consult with members of the public and affected agencies concerning each proposed collection of information \* \* \*.” Agencies must specifically solicit comments to (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information that ONRR collects; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, we published a notice in the *Federal Register* on February 2, 2012 (77 FR 5268), announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received no unsolicited comments in response to the notice.

If you wish to comment in response to this notice, you may send your comments to the offices listed under the ADDRESSES section of this notice. OMB has up to 60 days to approve or disapprove the information collection, but they may respond after 30 days. Therefore, in order to ensure maximum consideration, OMB should receive public

comments by **[INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION  
IN THE *FEDERAL REGISTER*].**

*Public Comment Policy:* We post all comments, including names and addresses of respondents, at <http://www.regulations.gov>. Before including your address, phone number, e-mail address, or other personal identifying information in your comment, be advised that we may make publicly available at any time your entire comment—including your personal identifying information. While you can ask us in your comment to withhold from public view your personal identifying information, we cannot guarantee that we will be able to do so.

*Information Collection Clearance Officer:* Laura Dorey (202) 208-2654

June 21, 2012\_\_\_\_\_  
Date

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Gregory J. Gould  
Director,  
Office of Natural Resources Revenue

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